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Bureau of Agricultural Economics
Division of Statistical and Historical Research
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UNIVERSITY OF ILLINOIS DOCUMENTS DEPT

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WORLD HOG AND PORK PROSPECTS

Summary

Larger marketings of hogs in the United States next fall and winter appear probable in view of the marked increase in the spring pig crop of 1936 over 1935. Because of this increase in supplies it is expected that prices for hogs will decline seasonally in the fall months of this year. The further improvement in consumer demand in prospect, however, will offset in part the effect of the increase in supplies upon hog prices.

The June Pig Crop Report recently released indicated that there would be an increase of about 14 percent in the number of sows to farrow in the fall of 1936. This indication, however, was based upon breeding intentions reported by farmers on about June 1. Since early June severe drought conditions have developed in the Corn Belt, which is the principal hog producing area. These conditions have reduced the 1936 corn crop prospects materially, and it is probable that there will be little if any increase in the 1936 fall pig crop. The outturn of the corn crop is still very uncertain, but if corn production this year is curtailed considerably by drought, as now appears probable, some liquidation of sows and spring pigs will occur in the next few months. A small corn crop this year would cause corn prices to rise relative to hog prices, and the hog-corn price ratio would be much less favorable for increases in hog production than it has been in the last year. If this ratio is reduced materially it is also probable that average weights of hogs marketed in 1936-37 will be much lighter than the heavier-than-average weights this year.

A further increase in the number of hogs in Germany was reported in early June, and slaughter supplies of hogs in that country continue to increase.

Although United States exports of lard to Germany have increased in recent months they are still at a very low level. Restrictions to imports in European countries generally have tended to fix an upper level beyond which exports of this country cannot increase. Because of the shortage of hog supplies in this country, exports of pork and lard in 1935-36 have been materially below this upper level. With an increase in hog slaughter in prospect in the first half of the 1936-37 marketing year, it is probable that some increase in exports will occur. Whether this increase continues throughout 1936-37 will depend chiefly upon the trend in domestic hog production, which in turn will be governed largely by the effect of the present drought upon the 1936 corn crop.

Domestic Situation

In view of the large increase in the 1936 spring pig crop, the number of hogs slaughtered in the fall and winter (October to April) of 1936-37 probably will be considerably larger than a year earlier. If the increase indicated in the June Pig Crop Report in the number of sows to farrow in the fall of 1936 is realized there will also be an increase in hog slaughter in the summer of 1937 compared with the present summer. Because of the severe drought conditions prevailing in the Corn Belt since mid-June, however, it does not seem probable that the indicated increase in the number of sows to farrow this fall will materialize.

Although the number of hogs on farms over 6 months of age on June 1 was estimated to be only 7 percent larger than a year earlier, it appears probable that hog slaughter in August and September will be considerably larger than in those months last year. In view of the severe drought it is likely that some liquidation of sows and spring pigs will occur in this period, which will represent an addition to the number of hogs that would have been marketed in these months if there had been no drought. Slaughter supplies in August and September, however, will be smaller than in May and June. Thus it seems probable that hog prices will advance seasonally in the next 2 months. Because of the large increase in the 1936 spring pig crop, the seasonal increase in hog slaughter in the coming fall and early winter will be larger than usual, and a decline in hog prices is probable after September. With some further improvement in consumer demand in prospect and a fairly strong storage demand for hog products this winter likely, the drop in hog prices from late September to the end of 1936 may not be greater than the usual seasonal decline for this period.

The 1936 spring pig crop was estimated to be about 29 percent larger than that of 1935, according to the June 1936 pig crop report of the Bureau of Agricultural Economics. Despite this large increase, the number of pigs produced in the spring of 1936 was the smallest in all of the last 20 years

except 1935, when the spring crop was very sharply curtailed because of the 1934 drought. As indicated in the table on page 5 showing the estimates of the spring pig crop by regions, increases in pig production were reported in all areas, with the greatest increases occurring in the Corn Belt and in the Western States. In the North Central States (Corn Belt) the number of pigs produced in the spring of 1936 was 32.5 percent larger than the number produced in the spring of 1935. Last year the greatest decrease in the spring pig crop occurred in the North Central States, where drought conditions in 1934 were very severe.

It was also indicated in the June Pig Crop Report that the number of sows to farrow in the fall of 1936 will be about 14 percent larger than the number farrowing in the fall of 1935. This indication was based upon interpretations of breeding intentions reported by farmers on or about June 1. Since June 1, however, severe drought conditions have developed in the Corn Belt and corn crop prospects for 1936 have declined greatly. Hence it seems unlikely that the increase in the number of sows to farrow this fall, which was indicated on the basis of reports on June 1, will be realized.

The number of hogs over 6 months of age on farms on June 1, 1936 was estimated to be about 7 percent larger than a year earlier for the United States as a whole, and about 11 percent larger for the North Central States (Corn Belt). The number of hogs on farms over 6 months of age on June 1 includes mostly hogs that will be marketed in the following 4 months and sows bred or to be bred for fall farrow. In past years there has been a fairly close relationship between changes in number of hogs over 6 months of age in the Corn Belt and changes in inspected hog slaughter from June to September. The change in the number of hogs on farms on June 1, after making allowance for the increase in hog slaughter in June compared with a year earlier and for the estimated increase in the number of sows to farrow this fall, would indicate that inspected hog slaughter in the period from July to September 1936 would be little if any larger than that of a year earlier. This indication of slaughter in the summer months, however, is somewhat at variance with the large increase in summer slaughter supplies indicated by the estimated increase of over 30 percent in the 1935 fall pig crop. It should be noted that the indication of summer slaughter supplies of hogs given in the June issue of this Report was based entirely upon the increase in the 1935 fall pig crop, since the estimate of the number of hogs on farms over 6 months of age on June 1, 1936 was not then available. Regardless of which of these indications is correct, slaughter supplies of hogs in July, August, and September probably will be larger than otherwise and larger than last year because of drought conditions which have recently developed.

Hog prices advanced somewhat in late May and early June and advanced further in late June and early July. Since slaughter supplies of all species of livestock increased from May to June, the advance in hog prices in recent weeks reflects an improvement in consumer demand for meats considerably greater than was anticipated several months ago. The average price of hogs at Chicago for the last week of June was $9.99, the highest weekly average since late April. For the entire month of June the average price of hogs at Chicago was $9.58 per 100 pounds compared with $9.58 in May and $9.27 in June last year. The advance in prices in recent weeks was somewhat greater for light and medium weight butcher hogs than for heavy weight butcher hogs and packing sows.

Slaughter supplies of hogs in June were somewhat larger than in May, but the increase was less than average for this period. Hog slaughter under Federal inspection in June, totaling about 2,759,000 head, was about 50 percent larger than in June last year. With the exception of June 1935, however, inspected slaughter in June this year was the smallest for the month since 1917. The proportion of packing sows included in the market supply of hogs increased materially during June, as is usual for this time of year. Average weights of all hogs in June continued heavier than a year earlier. The average weight of hogs at the seven leading markets for the month was 253 pounds, compared with 242 pounds in May and 244 pounds in June 1935.

Corn prices advanced moderately during the first 3 weeks of June but advanced sharply in late June and early July as crop conditions in the Corn Belt became unfavorable. The average price of No. 3 Yellow corn at Chicago in June was 64 cents compared with 63 cents in May and 85 cents in June last year. The advance in corn prices in June and early July was somewhat greater than the rise in hog prices, and as a result the hog-corn price ratio declined during this period, but it continued to be higher than average and higher than last year. Based on Chicago prices, the hog-corn price ratio for the week ended July 3 was 14.8 compared with 16.0 in early June and 10.6 a year earlier. The ratio has been above average since August 1935 and has been much above average since last November. The high hog prices in relation to corn prices in the last year were an importatn factor in causing the increase in the number of pigs produced in the fall of 1935 and in the spring of 1936, and they also have been the chief reason for the increase in average weights of hogs marketed during the current hog marketing year. If the 1936 corn crop is sharply curtailed by drought, it is probable that corn prices will rise relative to hog prices in the coming year, and as a result the incentive for further increases in hog production will be considerably lessened.

Prices of fresh pork declined in early June but were fairly steady during the remainder of the month. Prices of most cuts of cured pork rose during June, while lard prices were about steady. The composite wholesale price of hog products at New York averaged $20.99 per 100 pounds in June compared with $20.57 in May and $21.96 in the corresponding month a year earlier.

Exports of pork in May were materially larger than in April but they were considerably smaller than in May last year. A large part of the increase from April to May was accounted for by the larger shipments of hams and shoulders, most of which are consigned to the United Kingdom. In the first 8 months of the 1935-36 hog marketing year exports of pork were about 45 percent smaller than in the corresponding month of 1934-35.

Exports of lard in May, totaling nearly 11,000,000 pounds, were larger than in April 1936 and in May last year. Except for May 1935, however, lard exports in May this year were the smallest for the month in the last 30 years. Lard exports both to Great Britain and Cuba in May were larger than in April, and shipments to Cuba were larger than in the corresponding month a year earlier. Exports to Germany in May were almost negligible, whereas in April they amounted to about 1,000,000 pounds. In the first 8 months of 1935-36, lard exports of about 68,000,000 pounds were 45 percent less than in 1934-35 and more than 80 percent smaller than in 1933-34.

United States: Spring pig crop, by geographic divisions, 1935 and 1936

Geographic division	Spring pigs saved (Dec. 1 to June 1)			Spring pigs saved per litter		Sows farrowed in spring (Dec. 1 to June 1)		Sows to be farrowed in the fall of 1936 compared with the fall of 1935 (June 1 to Dec. 1)		
	1935	1936 1/						1936 2/		
		Total	Percentage of 1935	1935	1936	1935	1936	1935	Total	Percentage of 1935
	Thousands	Thousands	Percent	Number	Number	Thousands	Thousands	Thousands	Thousands	Percent
North Atlantic	614	724	118	6.04	6.01	102	120	104	122	117
East North Central	8,880	10,579	119	6.41	6.15	1,385	1,720	1,020	1,231	121
West North Central	14,539	20,462	141	6.03	6.01	2,411	3,403	1,336	1,414	106
Total North Central	23,419	31,041	132	6.17	6.06	3,796	5,123	2,356	2,645	112
South Atlantic	2,651	2,900	109	5.76	5.58	460	520	399	462	116
South Central	4,644	5,764	124	5.50	5.66	845	1,018	747	895	120
Mountain and Pacific(West)	1,052	1,455	138	5.77	5.89	182	247	160	185	115
United States	32,380	41,884	129	6.01	5.96	5,385	7,028	3,766	4,310	114

Compiled from the Pig Crop Report of June 1, 1936.

1/ Preliminary.
2/ Number indicated to farrow from breeding intention reports.

Canada

Marketings of hogs in Canada in the first half of 1936 were about 6.5 percent larger than in the same period of 1935. Despite this increase in marketings, hog prices thus far this year have averaged only slightly lower than a year earlier. Bacon exports, which are largely consigned to the United Kingdom, have been slightly smaller thus far in 1936/ than in 1935, but exports of other kinds of pork have increased this year. Total exports of hogs and hog products combined in the first 5 months of 1936 were slightly larger than in the corresponding months last year.

Hog prices in Canada advanced somewhat during June. The average price of bacon hogs at Toronto for the 4 weeks ended June 25 was about $8.80 (United States currency) compared with $8.16 in the month of May and

$9.91 in the month of June last year. The number of hogs and hog carcasses graded at public stockyards and packing plants in Canada in the 4 weeks ended June 25 totaled 259,000 head, which was a decrease of 5 percent compared with the gradings in May but was an increase of 26 percent compared with those of the corresponding period in 1935. The increase in Canadian hog marketings in 1936 compared with a year earlier has occurred entirely in the last 4 months, since marketings in January and February were smaller than in 1935.

Foreign Situation

United Kingdom and Irish Free State

On June 19, 1936, a supplementary agreement between the British and Danish Governments was signed, continuing in force the Anglo-Danish agreement of June 20, 1933, according to information received from Agricultural Attache C. C. Taylor at London. The agreement is subject to 4 months' notice of renunciation by either party. Minor changes were made in some of the provisions, but that affecting bacon importations into the United Kingdom, contrary to expectations, was not altered.

Liverpool bacon quotations for the month of June had a firmer tone than during the previous month, Danish Wiltshire sides making an average of $20.33 per 100 pounds and Canadian green sides, $18.08. Wiltshire sides averaged 24 cents above the May figure but 82 cents under the June 1935 average. The June average for Canadian green sides was 53 cents above the comparable May figure, though 67 cents under that of a year earlier.

Total imports of bacon for the first 8 months of the current season amounted to over 484,000,000 pounds as against 528,000,000 for the same months of the 1934-35 season and 861,000,000 during the October-May period of the peak 1931-32 season. This represents a decline of 44 percent during the past 4 years. Danish imports into the United Kingdom over the same period show an even greater decline, amounting for the 4 years to 55 percent. Imports from Denmark for the 1935-36 season to the end of May reached only 260,000,000 pounds as against over 582,000,000 pounds in the 1931-32 period.

Imports of bacon from the Irish Free State continue to increase, totaling nearly 36,000,000 pounds in the period October to May 1935-36 compared with 32,000,000 pounds last year and less than 15,000,000 pounds during the same months of 1932-33, the year of lowest bacon shipments into the United Kingdom from that source. Imports thus far this year have been the highest for any 8-month period since the 1928-29 season, when they reached a little over 40,000,000 pounds. Canadian shipments of bacon to the United Kingdom during the period October to May 1935-36 have been well below those of a year ago and slightly under those of the 1933-34 season. Such imports amounted to about 68,000,000 pounds, which represents a decline of 9 percent from the comparable period of a year earlier, but they are still some 30 times larger than imports from Canada during the October-May 1930-31 period.

Imports of United States bacon into the United Kingdom continue very small, amounting for the month of May to but 78,000 pounds and for the entire season to the end of May to slightly over 1,000,000 pounds. During the same months of 1929-30, British imports of bacon from the United States totaled 46,700,000 pounds.

American short cut green hams were quoted on the Liverpool market at an average for the month of June at $21.95, or 67 cents above the May average. This is the highest June average since 1929, amounting to $2.12 more than the comparable 1935 figure.

Total ham imports into the United Kingdom have been fairly well maintained during the first 8 months of the season, reaching nearly 45,000,000 pounds as against about 48,000,000 for comparable months of the 1934-35 period. They represent, however, a decline of 25 percent from October-May imports of the 1932-33 season, and of 38 percent from those of 1929-30. Imports of hams from the United States increased somewhat during May, amounting, however, to less than 4,000,000 pounds. The total imports into the United Kingdom from the United States for the current season of 22,000,000 pounds represent decreases from those of comparable months of the 1934-35, 1933-34, and 1932-33 seasons of 22 percent, 31 percent, and 37 percent, respectively. The United States so far this season has furnished 50 percent of total imports into the United Kingdom, whereas in the 1929-30 period it supplied 85 percent. During October-May 1935-36, receipts of Canadian ham in the British market amounted to about 38 percent of the total imports.

Liverpool average quotations on refined lard for the month of June fell to $11.83, 42 cents below the previous month's average and $1.81 under the average price in June last year. Aside from the June 1935 average, this was the highest for the month since 1929. Lard imports into the United Kingdom for the current season, October 1 to May 31, reached a total of less than 110,000,000 pounds. This figure represents a decline of 37 percent from 1934-35 comparable imports and of 50 percent from those of 2 years ago. The United States thus far this season has supplied only 36 percent of this greatly reduced total compared with 70 percent in the same period of last year and 92 percent in 1933-34. British lard imports from the United States have declined over 80 percent during the last 2 years.

Germany

The increase in German hog numbers noted in recent months has been reflected in an increase in receipts and slaughter of hogs in May, when slaughter was larger than for any month since early 1935. For the first 8 months of the 1935-36 season, however, hog receipts were still about 27 percent smaller than in the corresponding 1934-35 period, according to figures covering 14 points transmitted by the Berlin office of the Foreign Agricultural Service. Slaughter at 36 centers for the period October to May 1935-36 was about 28 percent below comparable 1934-35 figures. The number of young stock and breeding sows appearing in the June 1936 hog census indicates a continuance of the increase in marketable hogs. Total hog numbers in June this year were placed at 22,200,000 head, or 11 percent larger than a year earlier. Marketable hogs aged 6 months to 1 year were up 7 percent last month over a year earlier, while brood sows in the same age group increased 18 percent. The number of all young pigs under 6 months old in June this year was 12 percent larger than in 1935.

Germany continues to import somewhat larger quantities of hog products this year than last, but imports in May were smaller than in other recent months. The general level of imports, however, continues relatively low.

Imports of lard in May of 5,489,000 pounds were the smallest since August 1935. The United States was the chief supplier of the reduced total, accounting for nearly 2,000,000 pounds, or about 36 percent. Brazil was next, with slightly more than 1,000,000 pounds. At least nine other countries supplied lard to Germany during May, of which Hungary was the most important. For the period January-May, however, the United States supplied less than 3,000,000 pounds, or only about 7 percent of a total of 40,322,000 pounds. For the first 8 months of the 1935-36 season, Germany imported about 80 percent more lard than in the corresponding period of 1934-35. Bacon imports in May, nearly all of which came from the Netherlands, were smaller than in either the preceding month or in the corresponding month a year earlier, reaching only 1,100,000 pounds. Total bacon imports into Germany in the period October-May 1935-36 were about 12 percent smaller than those of a year earlier.

Hogs and pork products: Indices of foreign supplies and demand

Country and item	Unit	Oct.-May 1909-10 to 1913-14 average	1924-25 to 1928-29 average	1932-33	1933-34	1934-35	1935-36
UNITED KINGDOM:							
Supplies, domestic fresh pork, London	1,000 pounds		42,025	60,597	50,976	57,494	62,106
Imports-							
Bacon-							
Denmark	"	162,459	333,487	482,619	329,339	289,230	260,012
Irish F.State	"		36,682	14,539	22,359	32,345	35,797
United States	"	124,784	74,607	3,183	3,543	2,221	1,087
Canada	"	27,289	50,282	18,883	67,984	74,810	67,767
Others	"	27,954	105,553	250,321	175,462	129,450	119,801
Total	"	342,486	600,691	769,547	598,690	528,105	484,463
Ham, total	"	60,729	81,403	59,271	52,119	47,612	44,607
Lard, total	"	148,270	181,212	192,995	217,370	149,693	109,588
DENMARK:							
Exports-							
Bacon	"		332,285	492,205	345,854	292,231	
CANADA:							
Slaughter-							
Hogs, inspected	1000's	1,154	1,880	1,935	2,076	2,063	2,119
GERMANY:							
Production-							
Hog receipts 14 cities	"		2,198	2,119	2,308	2,348	1,708
Hog slaughter 36 centers	"	3,000	2,731	2,873	3,064	3,145	2,262
Imports-	1,000						
Bacon, total	pounds	1,855	12,065	21,713	18,551	18,757	16,497
Lard, total	"	138,404	150,588	168,456	89,897	37,986	68,054
UNITED STATES:							
Slaughter-							
Hogs, inspected	1000's	22,467	32,856	32,049	31,581	24,015	20,934
Exports-							
Bacon-	1,000						
United Kingdom	pounds	87,643	45,404	1,815	1,937	1,274	423
Germany	"	1,204	7,931	1,189	2,447	0	29
Cuba	"	5,114	14,027	2,918	3,342	3,156	775
Total	"	119,927	96,436	11,123	16,128	5,805	1,884
Hams, shoulders-							
United Kingdom	"	92,422	95,006	37,779	35,420	31,831	23,739
Total	"	107,272	113,979	44,099	41,660	38,454	25,780
Lard-							
United Kingdom	"	118,283	155,919	187,483	216,681	90,973	44,606
Germany	"	98,123	130,674	114,406	53,953	2,513	4,441
Cuba	"	24,895	54,772	7,848	10,282	20,730	15,212
Netherlands	"	26,136	29,392	30,125	19,022	9	40
Total		326,974	500,470	407,720	385,273	123,904	67,934

Hogs and pork products: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	1909-1913 average	1925-1929 average	May 1935	April 1936	May 1936
	Dollars	Dollars	Dollars	Dollars	Dollars
Prices-					
Hogs, Chicago, basis packers' and shippers' quotations	7.81	11.13	9.31	10.47	9.58
Corn, Chicago, No. 3 Yellow	1.16	1.71	1.52	1.13	1.13
Hogs, heavy, Berlin live weight	10.96	13.89	15.69	17.70	17.70
Barley, Leipzig	1.75	2.44	3.14	3.33	3.37
Lard-					
Chicago	10.68	14.74	14.65	11.90	11.12
Liverpool	11.80	15.16	13.01	13.85	12.25
Hamburg	12.65	15.67	---	12.78	11.83
Cured pork-					
Liverpool-					
American short cut green hams	14.80	24.39	19.56	20.88	21.28
American green bellies		21.19	14.25	Nominal	Nominal
Danish Wiltshire sides	15.60	25.16	20.16	20.46	20.09
Canadian green sides	14.64	22.76	17.91	17.70	17.55
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Stocks-					
United States-					
Processed pork 1/		780,179	503,413	457,402	440,618
Lard in cold storage		145,332	89,986	83,615	99,656

1/ Dry salt cured and in process of cure; pickled, cured, and in process of cure, and frozen.

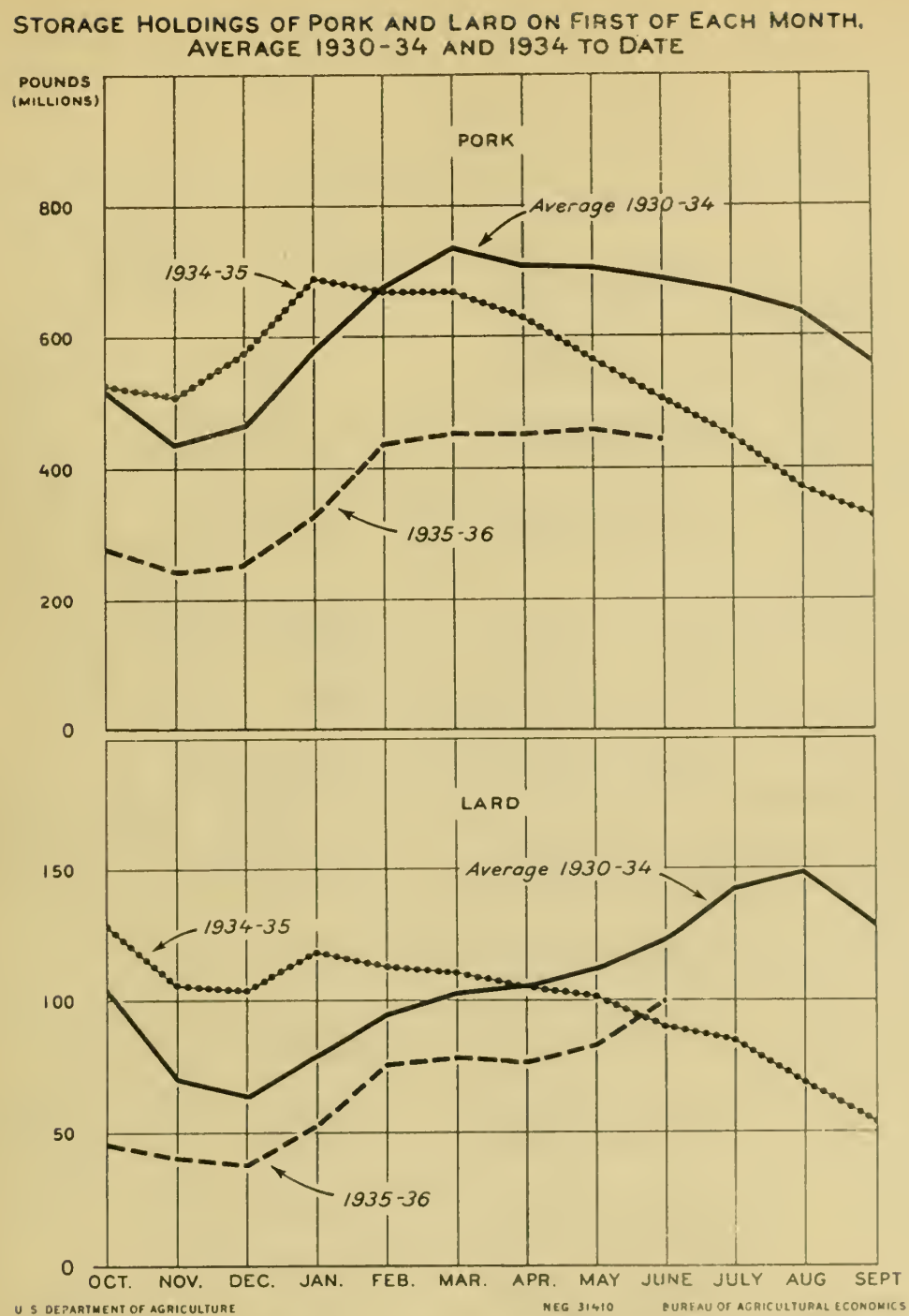

FIGURE 1.- STORAGE HOLDINGS OF PORK USUALLY INCREASE FROM EARLY NOVEMBER UNTIL FEBRUARY OR MARCH AND THEN DECLINE DURING THE REMAINDER OF THE HOG MARKETING YEAR. STOCKS OF PORK THIS YEAR HAVE BEEN MUCH BELOW AVERAGE, BUT THEY HAVE ONLY RECENTLY BEGUN TO DECLINE. STOCKS OF LARD USUALLY INCREASE FROM DECEMBER TO AUGUST AND THEN DECLINE FROM SEPTEMBER TO NOVEMBER. ALTHOUGH LARD STOCKS THIS YEAR ARE BELOW AVERAGE, THE USUAL SEASONAL INCREASE HAS OCCURRED SINCE LAST DECEMBER.

SPRING PIG CROP, AND FEDERALLY INSPECTED HOG SLAUGHTER DURING FOLLOWING OCT.-APR., UNITED STATES, 1924 TO DATE

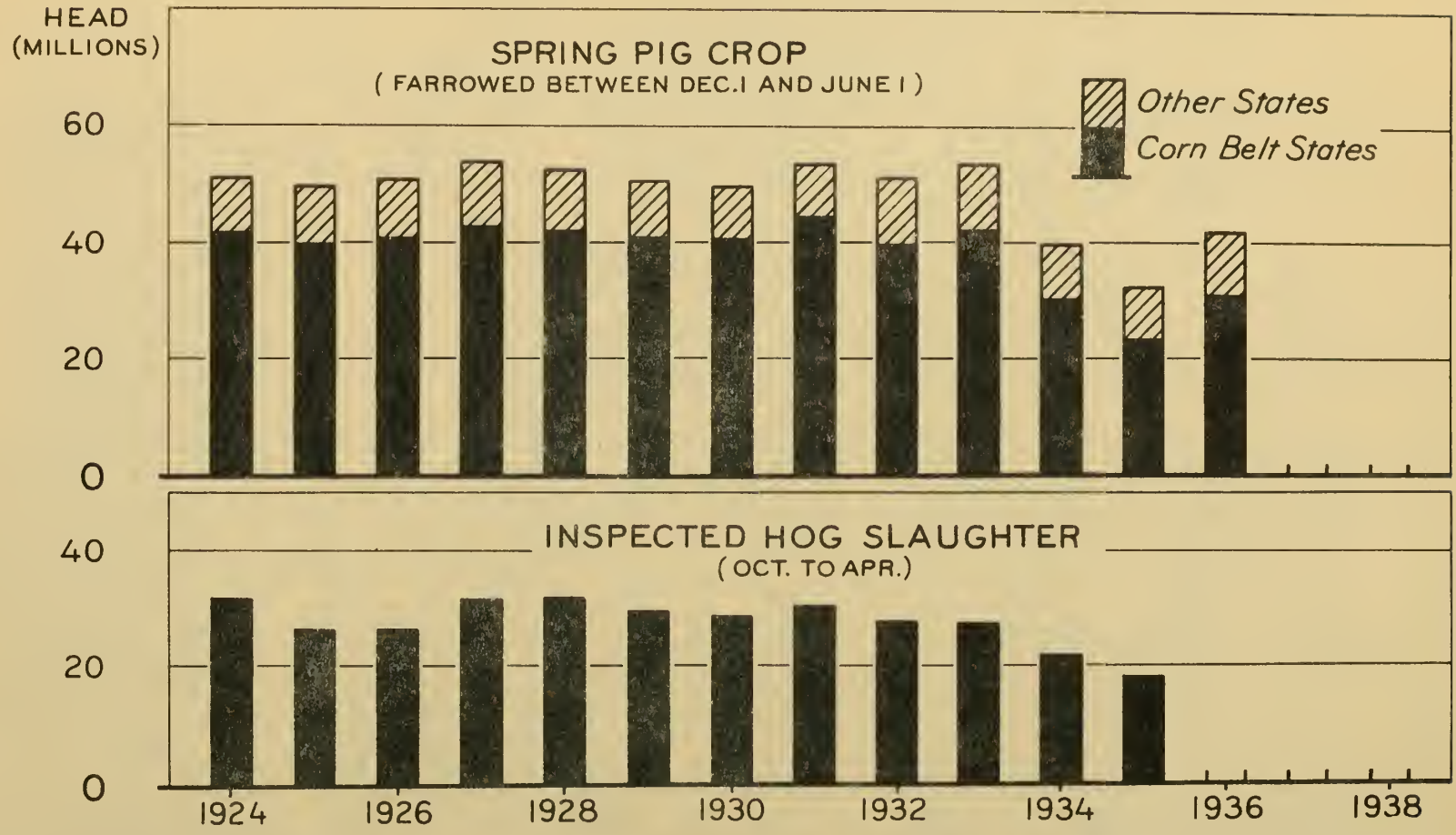

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FIGURE 2.- THE 1936 SPRING PIG CROP WAS ABOUT 32 PERCENT LARGER THAN THE VERY SMALL SPRING CROP OF 1935. THE SPRING PIG CROP IS NORMALLY MARKETED IN THE FOLLOWING FALL AND WINTER AND A CHANGE IN THE SPRING CROP USUALLY IS REFLECTED IN A CORRESPONDING CHANGE IN INSPECTED HOG SLAUGHTER FROM OCTOBER TO APRIL, AS INDICATED IN THE ABOVE FIGURE. THUS IT IS PROBABLE THAT SLAUGHTER SUPPLIES OF HOGS NEXT FALL AND WINTER WILL BE MATERIALLY LARGER THAN A YEAR EARLIER.

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